

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL

No. 17

Introduced by Senator Escutia

December 2, 2002

An act to amend Sections 64, 480.1, 480.2, and 482 of, and to add Section 471 to, the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 17, as amended, Escutia. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. *Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities.*

Existing law requires a person or entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a

change in ownership statement, as specified, with the State Board of Equalization within 45 days of specified transactions, or whenever requested by that board. Existing law imposes a penalty of 10% of the taxes owed to the county on a parcel of real property if an assessee fails to file a change in ownership statement with the board within 45 days of a board request.

This bill would, ~~pursuant to state legislative findings and declarations, state the intent of the Legislature to enact a program to specify those circumstances under which nonresidential commercial and industrial property undergoes a change in ownership, to ensure that all real property is assessed at fair market value when that real property undergoes a change in ownership~~ regarding the bill's purpose. This bill would also require a person or entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a change in ownership statement, as specified, with the board within 60 days of specified transactions. If a person or entity is required by the bill to file a change in ownership statement and fails to timely do so, this bill would impose a penalty, payable to the board, that equals the greater of (1) 10% of the taxes owed in the current year on all of the real property owned by the legal entity in the state or (2) \$10,000. This bill would also impose a penalty, payable to the board, of the greater of (1) 25% of the taxes owed in the current year on all of the real property owned by the legal entity in the state or (2) \$25,000 if a person or legal entity misrepresents the occurrence or nonoccurrence of a change in ownership on a change in ownership statement. This bill would specify that these provisions do not apply to property that is assessed by the State Board of Equalization, as provided. This bill would also make conforming changes to related provisions.

Existing law requires the Franchise Tax Board to include a question on the income tax returns of specified entities regarding changes in ownership of the entity's real property. Existing law requires the Franchise Tax Board to notify the State Board of Equalization if an entity answers 'yes' to this question.

This bill would additionally require the Franchise Tax Board to notify the State Board of Equalization if an entity does not respond to this question.

Existing law requires a taxpayer to file with local tax assessors a property statement that describes, among other things, specified personal property.

This bill would require, on or before March 1, 2004, and each March 1 thereafter, a publicly traded company, as defined, to file a property statement with the State Board of Equalization that lists all of the real property owned or leased in the state by the company. If a company is required to file a property statement pursuant to the bill and fails to do so, or fails to file a complete statement by April 15, this bill would impose a penalty on the company, payable to the applicable county, equal to 10% of the current year's taxes on all of the real property owned by the company in the state. This bill would specify that these provisions do not apply to property that is assessed by the State Board of Equalization, as provided.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) For ad valorem property taxation purposes, the California
- 4 Constitution generally limits annual increases in the assessed
- 5 taxable value of real property to 2 percent of the property's
- 6 adjusted base year value, but requires that real property be
- 7 reassessed at its full cash value when that real property undergoes
- 8 a change in ownership.
- 9 (b) These rules provide a necessary protection for real property
- 10 owners when land values rise more rapidly than income.
- 11 (c) Because of difficulties in identifying changes in ownership
- 12 of certain nonresidential commercial and industrial properties,
- 13 these properties often escape reassessment at full market value
- 14 upon a change in ownership.
- 15 (d) As a result of these assessment anomalies, despite rapid
- 16 economic growth during the 1990s which increased the value of
- 17 nonresidential commercial and industrial properties, the share of
- 18 real property taxes paid by nonresidential commercial and
- 19 industrial property owners decreased, while the share of real
- 20 property taxes paid by residential property owners (e.g.
- 21 homeowners) increased.
- 22 (e) Failure to capture the rising land values of nonresidential
- 23 commercial and industrial properties that have undergone a



1 change in ownership has a range of negative consequences,
2 including, but not limited to:

3 (1) Hampering the ability of local governments to build new
4 infrastructure and provide vital services.

5 (2) Imposing a disproportionate property tax burden on newly
6 constructed properties when compared to existing properties.

7 (3) Encouraging local governments to foster sales
8 tax-generating retail development rather than fostering
9 job-creating investments such as manufacturing.

10 (f) Therefore, it is the intent of the Legislature ~~to enact a~~
11 ~~program in enacting this act~~ to specify those circumstances under
12 which nonresidential commercial and industrial property
13 undergoes a change in ownership, to ensure that all real property
14 is assessed at fair market value when that real property undergoes
15 a change in ownership.

16 *SEC. 2. Section 64 of the Revenue and Taxation Code is*
17 *amended to read:*

18 64. (a) Except as provided in subdivision (i) of Section 61
19 and subdivisions (c) and (d) ~~of this section~~, the purchase or transfer
20 of ownership interests in legal entities, ~~such as including, but not~~
21 ~~limited to~~, corporate stock or partnership or limited liability
22 company interests, shall not be deemed to constitute a transfer of
23 the real property of the legal entity. This subdivision ~~is applicable~~
24 *applies* to the purchase or transfer of ownership interests in a
25 partnership without regard to whether it is a continuing or a
26 dissolved partnership.

27 (b) Any corporate reorganization, where all of the corporations
28 involved are members of an affiliated group, and that qualifies as
29 a reorganization under Section 368 of the United States Internal
30 Revenue Code and that is accepted as a nontaxable event by similar
31 California statutes, or any transfer of real property among
32 members of an affiliated group, or any reorganization of farm
33 credit institutions pursuant to the federal Farm Credit Act of 1971
34 (Public Law 92-181), as amended, shall not be a change of
35 ownership. The taxpayer shall furnish proof, under penalty of
36 perjury, to the assessor that the transfer meets the requirements of
37 this subdivision.

38 For purposes of this subdivision, “affiliated group” means one
39 or more chains of corporations connected through stock ownership



1 with a common parent corporation if both of the following
2 conditions are met:

3 (1) One hundred percent of the voting stock, exclusive of any
4 share owned by directors, of each of the corporations, except the
5 parent corporation, is owned by one or more of the other
6 corporations.

7 (2) The common parent corporation owns, directly, 100
8 percent of the voting stock, exclusive of any shares owned by
9 directors, of at least one of the other corporations.

10 (c) (1) When a corporation, partnership, limited liability
11 company, other legal entity, or any other person obtains control
12 through direct or indirect ownership or control of more than 50
13 percent of the voting stock of any corporation, or obtains a
14 majority ownership interest in any partnership, limited liability
15 company, or other legal entity through the purchase or transfer of
16 corporate stock, partnership, or limited liability company interest,
17 or ownership interests in other legal entities, including any
18 purchase or transfer of 50 percent or less of the ownership interest
19 through which control or a majority ownership interest is obtained,
20 the purchase or transfer of that stock or other interest shall be a
21 change of ownership of the real property owned by the
22 corporation, partnership, limited liability company, or other legal
23 entity in which the controlling interest is obtained.

24 (2) On or after January 1, 1996, when an owner of a majority
25 ownership interest in any partnership obtains all of the remaining
26 ownership interests in that partnership or otherwise becomes the
27 sole partner, the purchase or transfer of the minority interests,
28 subject to the appropriate application of the step-transaction
29 doctrine, shall not be a change in ownership of the real property
30 owned by the partnership.

31 (d) If property is transferred on or after March 1, 1975, to a
32 legal entity in a transaction excluded from change in ownership by
33 paragraph (2) of subdivision (a) of Section 62, then the persons
34 holding ownership interests in that legal entity immediately after
35 the transfer shall be considered the “original coowners.”
36 Whenever shares or other ownership interests representing
37 cumulatively more than 50 percent of the total interests in the
38 entity are transferred by any of the original coowners in one or
39 more transactions, a change in ownership of that real property
40 owned by the legal entity shall have occurred, and the property that

1 was previously excluded from change in ownership under the
2 provisions of paragraph (2) of subdivision (a) of Section 62 shall
3 be reappraised.

4 The date of reappraisal shall be the date of the transfer of the
5 ownership interest representing individually or cumulatively more
6 than 50 percent of the interests in the entity.

7 A transfer of shares or other ownership interests that results in
8 a change in control of a corporation, partnership, limited liability
9 company, or any other legal entity is subject to reappraisal as
10 provided in subdivision (c) rather than this subdivision.

11 (e) To assist in the determination of whether a change of
12 ownership has occurred under subdivisions (c) and (d), the
13 Franchise Tax Board shall include a question in substantially the
14 following form on returns for partnerships, banks, and
15 corporations (except tax-exempt organizations):

16
17 If the corporation (or partnership or limited liability company)
18 owns real property in California, has cumulatively more than 50
19 percent of the voting stock (or more than 50 percent of total interest
20 in both partnership or limited liability company capital and
21 partnership or limited liability company profits) (1) been
22 transferred by the corporation (or partnership or limited liability
23 company) since March 1, 1975, or (2) been acquired by another
24 legal entity or person during the year? (See instructions.)

25
26 If the entity answers “yes” to (1) or (2) in the above question
27 or does not respond, then the Franchise Tax Board shall furnish the
28 names and addresses of that entity and of the stock or partnership
29 or limited liability company ownership interest transferees to the
30 State Board of Equalization.

31
32 *SEC. 3. Section 471 is added to the Revenue and Taxation*
33 *Code, to read:*

34 *471. (a) (1) On or before March 1, 2004, and on or before*
35 *March 1 of each year thereafter, each publicly traded company*
36 *shall file a real property statement with the State Board of*
37 *Equalization at its office in Sacramento.*

38 *(2) The first real property statement filed by a publicly traded*
39 *company shall list, by county, the real property that the company*

owns or leases in the state and shall identify this real property by assessor parcel number.

(3) Subsequent real property statements filed by a publicly traded company shall be limited to the listing of the real property transfers made by the company over the previous 12 months in each county and shall identify the assessor parcel number of the real property so transferred.

(b) If a publicly traded company is required to file a real property statement pursuant to this section and fails to do so, or fails to file a complete statement by April 15, the company is liable for a penalty equal to 10 percent of the current year's taxes on all of the real property owned by the company in the state. This penalty shall be added to the assessment roll in each applicable county and shall be collected like any other delinquent property taxes, and is subject to the same penalties for nonpayment.

(c) This section does not apply to property that is assessed by the State Board of Equalization pursuant to Section 19 of Article XIII of the California Constitution.

(d) As used in this section, 'publicly traded company' means a corporation or other legal entity that is subject to the filing requirements of the United States Securities and Exchange Commission.

SEC. 4. Section 480.1 of the Revenue and Taxation Code is amended to read:

480.1. (a) Whenever there is a change in control of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (c) of Section 64, a signed change in ownership statement as provided for in subdivision (b), shall be filed by the person or legal entity acquiring ownership control of such corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento. ~~The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.~~

(b) The change in ownership statement as required pursuant to subdivision (a), shall be declared to be true under penalty of perjury and shall give such information relative to the ownership control acquisition transaction as the board shall prescribe after consultation with the California Assessors' Association. The information shall include, but not be limited to, a description of the

1 property, *including the county in which it is located and the*
2 *assessor's parcel number*, owned by the corporation, partnership,
3 limited liability company, or other legal entity, the parties to the
4 transaction, and the date of the ownership control acquisition. The
5 change in ownership statement shall not include any question
6 which is not germane to the assessment function. The statement
7 shall contain a notice that is printed, with the title at least 12-point
8 boldface type and the body in at least 8-point boldface type, in the
9 following form:

10
11 “Important Notice”
12

13 “The law requires any person or legal entity acquiring
14 ownership control in any corporation, partnership, limited liability
15 company, or other legal entity owning real property in California
16 subject to local property taxation to complete and file a change in
17 ownership statement with the State Board of Equalization at its
18 office in Sacramento. The change in ownership statement must be
19 filed within ~~45~~ 60 days from the date of the change in control of
20 a corporation, partnership, limited liability company, or other
21 legal entity. ~~The law further requires that a change in ownership~~
22 ~~statement be completed and filed whenever a written request is~~
23 ~~made therefor by the State Board of Equalization, regardless of~~
24 ~~whether a change in control of the legal entity has occurred. The~~
25 ~~failure to file a change in ownership statement within 45 days from~~
26 ~~the date of a written request by the State Board of Equalization do~~
27 ~~so results in a penalty of the greater of (1) 10 percent of the current~~
28 ~~year's taxes applicable to the new base year value reflecting the~~
29 ~~change in control on all of the real property owned by the~~
30 ~~corporation, partnership, limited liability company, or legal entity~~
31 ~~(or 10 percent of the current year's taxes on that property if no~~
32 ~~change in control occurred) in the state or (2) ten thousand dollars~~
33 ~~(\$10,000). In addition, a corporation, partnership, limited~~
34 ~~liability company, or other legal entity that misrepresents the~~
35 ~~occurrence or nonoccurrence of a change in ownership on a~~
36 ~~change in ownership statement results in a penalty of the greater~~
37 ~~of (1) 25 percent of the current year's taxes on all of the real~~
38 ~~property owned by the corporation, partnership, limited liability~~
39 ~~company, or other legal entity in the state or (2) twenty-five~~
40 ~~thousand dollars (\$25,000). This penalty will be added to the~~

1 ~~assessment roll and shall be collected like any other delinquent~~
2 ~~property taxes, and be subject to the same penalties for~~
3 ~~nonpayment.” shall be paid to the State Board of Equalization.”~~
4

5 (c) In the case of a corporation, the change in ownership
6 statement shall be signed either by an officer of the corporation or
7 an employee or agent who has been designated in writing by the
8 board of directors to sign ~~such~~ *these* statements on behalf of the
9 corporation. In the case of a partnership, limited liability company,
10 or other legal entity, the statement shall be signed by an officer,
11 partner, manager, or an employee or agent who has been
12 designated in writing by the partnership, limited liability
13 company, or legal entity.

14 (d) No person or entity acting for or on behalf of the parties to
15 a transfer of real property shall incur liability for the consequences
16 of assistance rendered to the transferee in preparation of any
17 change in ownership statement, and no action may be brought or
18 maintained against any ~~such~~ person or entity as a result of ~~such~~
19 ~~assistance.~~

20 ~~Nothing in this~~ *this assistance. This section shall does not create*
21 *a duty, either directly or by implication, that* ~~such~~ *assistance be*
22 *rendered by any person or entity acting for or on behalf of parties*
23 *to a transfer of real property.*

24 (e) The board or assessors may inspect any and all records and
25 documents of a corporation, partnership, limited liability
26 company, or legal entity to *identify its real property and to*
27 *ascertain whether a change in control as defined in subdivision (c)*
28 *of Section 64 has occurred. The corporation, partnership, limited*
29 *liability company, or legal entity shall upon request, make* ~~such~~
30 *these records and* documents available to the board during normal
31 business hours.

32 (f) *This section does not apply to changes in ownership of*
33 *property that is assessed by the State Board of Equalization*
34 *pursuant to Section 19 of Article XIII of the California*
35 *Constitution.*

36 SEC. 5. *Section 480.2 of the Revenue and Taxation Code is*
37 *amended to read:*

38 480.2. (a) Whenever there is a change in ownership of any
39 corporation, partnership, limited liability company, or other legal
40 entity, as defined in subdivision (d) of Section 64, a signed change

1 in ownership statement as provided in subdivision (b) shall be filed
2 by ~~such~~ *the* corporation, partnership, limited liability company, or
3 other legal entity with the board at its office in Sacramento. ~~The~~
4 ~~statement shall list all counties in which the corporation,~~
5 ~~partnership, limited liability company, or legal entity owns real~~
6 ~~property.~~

7 (b) The change in ownership statement required pursuant to
8 subdivision (a) shall be declared to be true and under penalty of
9 perjury and shall give such information relative to the ownership
10 interest acquisition transaction as the board shall prescribe after
11 consultation with the California Assessors' Association. The
12 information shall include, but not be limited to, a description of the
13 property, *including the county in which it is located and the*
14 *assessor's parcel number*, owned by the corporation, partnership,
15 limited liability company, or other legal entity, the parties to the
16 transaction, the date of the ownership interest acquisition, and a
17 listing of the "original coowners" of the corporation, partnership,
18 limited liability company, or other legal entity prior to the
19 transaction. The change in ownership statement shall not include
20 any question which is not germane to the assessment function. The
21 statement shall contain a notice that is printed, with the title in at
22 least 12-point boldface type and the body in at least 8-point
23 boldface type, in the following form:

24
25 "Important Notice"
26

27 "The law requires any corporation, partnership, limited liability
28 company, or other legal entity owning real property in California
29 subject to local property taxation and transferring shares or other
30 ownership interest in such legal entity which constitute a change
31 in ownership pursuant to subdivision (d) of Section 64 of the
32 Revenue and Taxation Code to complete and file a change in
33 ownership statement with the State Board of Equalization at its
34 office in Sacramento. The change in ownership statement must be
35 filed within ~~45~~ 60 days from the date that shares or other ownership
36 interests representing cumulatively more than 50 percent of the
37 total control or ownership interests in the entity are transferred by
38 any of the original coowners in one or more transactions. ~~The law~~
39 ~~further requires that a change in ownership statement be completed~~
40 ~~and filed whenever a written request is made therefor by the State~~

1 ~~Board of Equalization, regardless of whether a change in~~
2 ~~ownership of the legal entity has occurred. The failure to file a~~
3 ~~change in ownership statement within 45 days from the date of a~~
4 ~~written request by the Board of Equalization do so~~ results in a
5 penalty of *the greater of (1) 10 percent of the current year's taxes*
6 ~~applicable to the new base year value reflecting the change in~~
7 ~~ownership on all of the real property owned by the corporation,~~
8 partnership, limited liability company, or legal entity ~~(or 10~~
9 ~~percent of the current year's taxes on that real property if no change~~
10 ~~in ownership occurred) in the state or (2) ten thousand dollars~~
11 ~~(\$10,000). In addition, a corporation, partnership, limited~~
12 ~~liability company, or other legal entity that misrepresents the~~
13 ~~occurrence or nonoccurrence of a change in ownership on a~~
14 ~~change in ownership statement results in a penalty of the greater~~
15 ~~of (1) 25 percent of the current year's taxes on all of the real~~
16 ~~property owned by the corporation, partnership, limited liability~~
17 ~~company, or other legal entity in the state or (2) twenty-five~~
18 ~~thousand dollars (\$25,000). This penalty will be added to the~~
19 ~~assessment roll and shall be collected like any other delinquent~~
20 ~~property taxes, and be subject to the same penalties for~~
21 ~~nonpayment."~~ shall be paid to the State Board of Equalization."

22
23 (c) In the case of a corporation, the change in ownership
24 statement shall be signed either by an officer of the corporation or
25 an employee or agent who has been designated in writing by the
26 board of directors to sign ~~such~~ *these* statements on behalf of the
27 corporation. In the case of a partnership, limited liability company,
28 or other legal entity, the statement shall be signed by an officer,
29 partner, manager, or an employee or agent who has been
30 designated in writing by the partnership, limited liability
31 company, or legal entity.

32 (d) No person or entity acting for or on behalf of the parties to
33 a transfer of real property shall incur liability for the consequences
34 of assistance rendered to the transferee in preparation of any
35 change in ownership statement, and no action may be brought or
36 maintained against any ~~such~~ person or entity as a result of ~~such~~
37 ~~assistance.~~

38 ~~Nothing in this~~ *this assistance. This section shall does not create*
39 a duty, either directly or by implication, that ~~such~~ assistance be

1 rendered by any person or entity acting for or on behalf of parties
2 to a transfer of real property.

3 (e) The board or assessors may inspect any and all records and
4 documents of a corporation, partnership, limited liability
5 company, or legal entity to *identify its real property and to*
6 ascertain whether a change in ownership as defined in subdivision
7 (d) of Section 64 has occurred. The corporation, partnership,
8 limited liability company, or legal entity shall upon request, make
9 ~~such~~ *these records and* documents available to the board during
10 normal business hours.

11 (f) *This section does not apply to changes in ownership of*
12 *property that is assessed by the State Board of Equalization*
13 *pursuant to Section 19 of Article XIII of the California*
14 *Constitution.*

15 SEC. 6. *Section 482 of the Revenue and Taxation Code is*
16 *amended to read:*

17 482. (a) If a person or legal entity required to file a statement
18 described in Section 480 fails to do so within 45 days from the date
19 of a written request by the assessor, a penalty of either: (1) one
20 hundred dollars (\$100), or (2) 10 percent of the taxes applicable
21 to the new base year value reflecting the change in ownership of
22 the real property or manufactured home, whichever is greater, but
23 not to exceed two thousand five hundred dollars (\$2,500) if the
24 failure to file was not willful, shall, except as otherwise provided
25 in this section, be added to the assessment made on the roll. The
26 penalty shall apply for failure to file a complete change in
27 ownership statement notwithstanding the fact that the assessor
28 determines that no change in ownership has occurred as defined in
29 Chapter 2 (commencing with Section 60) of Part 0.5. The penalty
30 may also be applied if after a request the transferee files an
31 incomplete statement and does not supply the missing information
32 upon a second request.

33 (b) (1) If a person or legal entity required to file a statement
34 described in Section 480.1 or 480.2 fails to do so within ~~45~~ 60 days
35 from the date of a ~~written request by the State Board of~~
36 ~~Equalization, a penalty of 10 percent of the taxes applicable to the~~
37 ~~new base year value reflecting the change in control or change in~~
38 ~~ownership of the real property owned by the corporation,~~
39 ~~partnership, or legal entity, or 10 percent of the current year's taxes~~
40 ~~on that property if no change in control or change in ownership~~

~~occurred, shall be added to the assessment made on the roll. The penalty shall apply for failure to file a complete statement notwithstanding the fact that the board determines that no change in control or change in ownership has occurred as defined in subdivision (e) or (d) of Section 64. The penalty may also be applied if after a request the person or legal entity files an incomplete statement and does not supply the missing information upon a second request. That penalty shall be in lieu of the penalty provisions of subdivision (a). However, the penalty added by this subdivision shall be automatically extinguished if the person or legal entity files a complete statement described in Section 480.1 or 480.2 no later than 60 days after the date on which the person or legal entity is notified of the penalty. change in ownership, as defined in subdivision (c) or (d) of Section 64, the person or legal entity shall pay a penalty to the State Board of Equalization equal to the greater of the following:~~

~~(A) Ten percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or other legal entity in the state.~~

~~(B) Ten thousand dollars (\$10,000).~~

~~(2) If a person or legal entity is required to file a statement described in Section 480.1 or 480.2 and misrepresents the occurrence or nonoccurrence of a change in ownership on a change in ownership statement, the person or legal entity shall pay a penalty to the State Board of Equalization equal to the greater of the following:~~

~~(A) Twenty-five percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or other legal entity in the state.~~

~~(B) Twenty-five thousand dollars (\$25,000).~~

~~(c) The penalty for failure to file a timely statement pursuant to Sections Section 480, 480.1, and 480.2 for any one transfer may be imposed only one time, even though the assessor may initiate a request as often as he or she deems necessary.~~

~~(d) The Except as provided in subdivision (b), the penalty shall be added to the roll in the same manner as a special assessment and treated, collected, and subject to the same penalties for the delinquency as all other taxes on the roll in which it is entered.~~

~~(1) When the transfer to be reported under this section is of a portion of a property or parcel appearing on the roll during the~~

1 fiscal year in which the 45-day period expires, the current year's
2 taxes shall be prorated so the penalty will be computed on the
3 proportion of property which has transferred.

4 (2) Any penalty added to the roll pursuant to this section
5 between January 1 and June 30 may be entered either on the
6 unsecured roll or the roll being prepared. After January 1, the
7 penalty may be added to the current roll only with the approval of
8 the tax collector.

9 (3) If the property is transferred or conveyed to a bona fide
10 purchaser for value or becomes subject to a lien of a bona fide
11 encumbrancer for value after the transfer of ownership resulting
12 in the imposition of the penalty and before the enrollment of the
13 penalty, the penalty shall be entered on the unsecured roll in the
14 name of the transferee whose failure to file the change in
15 ownership statement resulted in the imposition of the penalty.

16 (e) When a penalty imposed pursuant to this section is entered
17 on the unsecured roll, the tax collector may immediately file a
18 certificate authorized by Section 2191.3.

19 (f) Notice of any penalty added to either the secured or
20 unsecured roll pursuant to this section shall be mailed by the
21 assessor to the transferee at his or her address contained in any
22 recorded instrument or document evidencing a transfer of an
23 interest in real property or manufactured home or at any address
24 reasonably known to the assessor.

